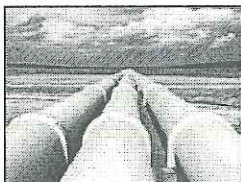


Source: Daily Environment Report: News Archive > 2017 > February > 02/07/2017 > News > Oil & Gas: Energy Transfer's Rover Line Still Has Hurdles After Permit

24 DEN A-8

## Oil & Gas

### Energy Transfer's Rover Line Still Has Hurdles After Permit



By Jonathan N. Crawford and Catherine Traywick

Energy Transfer Partners LP gained a federal permit to build its \$4.2 billion Rover natural gas pipeline in the eastern U.S. late Feb. 2, though the project still faces regulatory hurdles that could push back its start date.

The Federal Energy Regulatory Commission issued a certificate key to constructing the 713-mile (1,147-kilometer) line, which will help deliver more of the heating fuel from prolific shale basins in the eastern U.S. to markets including New England. The agency also denied Energy Transfer, the company behind the controversial Dakota Access oil pipeline, a separate permit that would have allowed it to carry out some routine activities without having to request approval each time.

FERC's denial of that permit means "the project will have many more regulatory procedural hurdles to cope with to gain permission to build," Bloomberg Intelligence analysts Brandon Barnes and Michael Kay wrote in a note Feb. 3.

The resignation of commission member Norman Bay had lent new urgency to Energy Transfer's application. The former chairman of the agency left Feb. 3, meaning the two remaining commissioners will lack the quorum needed to vote on major projects such as Rover. No replacement for Bay has been named.

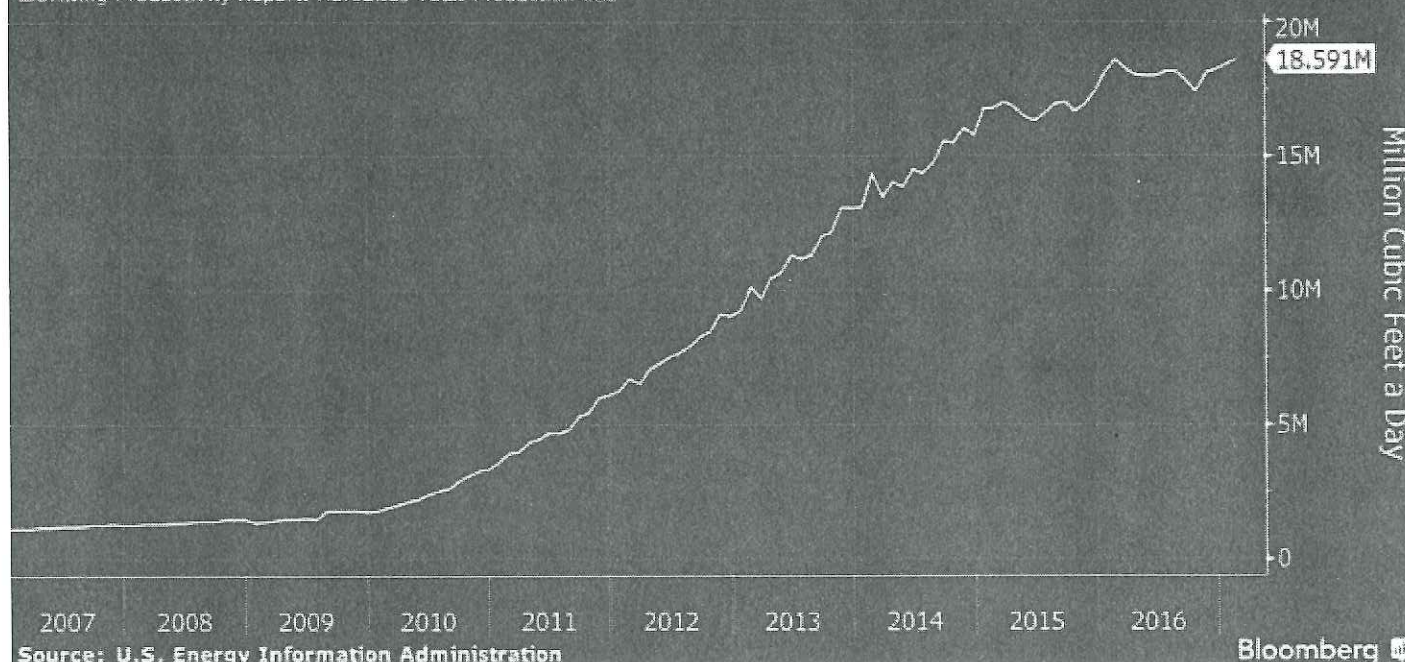
#### Snapshot

- U.S. agency issues certificate for line before losing quorum
- Natural gas pipeline may still face construction delays

## Stranded Gas

### Pipelines need to keep up with gas flowing from U.S. shale

■ Drilling Productivity Report: Marcellus Total Production Gas



Gas producers in the Northeast, who have grappled with plunging prices due to pipeline bottlenecks, had urged regulators to authorize the Rover pipeline before Feb. 3 so that it can meet its startup schedule by the middle of the year. The project had drawn opposition, in part because of the company's demolition of a house that was eligible for a National Register of Historic Places listing.

It was the Stoneman House demolition that ultimately cost Energy Transfer a so-called "Part 157, Subpart F" blanket certificate, which would have allowed it to undertake routine activities without the need for more approvals. The

"intentional" act raised the question of whether Energy Transfer would comply with regulations during future construction, the agency said.

The company was also ordered not to begin construction of project facilities until the commission's staff resolved any adverse effects associated with the house demolition.

### Possible Delays

The company still expects to start service to Defiance, Ohio by July, and service to the Vector pipeline in Michigan by November, according to a statement. Some analysts are less optimistic.

"We continue to expect Rover's in-service date to slip due to the compliance conditions imposed by FERC," Katie Bays, an analyst at Height Securities, said in a note.

Nicholas Potter, an analyst at Barclays Plc in New York, projected that the project would come online by mid-2018.

About 70 percent of the gas moving through the Rover line will be delivered to existing pipelines in Ohio and West Virginia for distribution to markets across the U.S. About 30 percent will be sent to consumers in Michigan and Ontario, Canada, the project website showed.

Antero Resources Corp., a customer of the pipeline, said that the project could be delayed for a year if tree felling didn't start soon. Energy Transfer had originally sought to start parts of the project in December.

To contact the reporters on this story: Jonathan N. Crawford in New York at [jcrawford47@bloomberg.net](mailto:jcrawford47@bloomberg.net); Catherine Traywick in Washington at [ctraywick@bloomberg.net](mailto:ctraywick@bloomberg.net)

To contact the editor responsible for this story: Lynn Doan at [ldoan6@bloomberg.net](mailto:ldoan6@bloomberg.net)

©2017 Bloomberg L.P. All rights reserved. Used with permission

---

Contact us at <http://www.bna.com/contact-us> or call 1-800-372-1033

ISSN 1521-9402

Copyright © 2017, The Bureau of National Affairs, Inc.. Reproduction or redistribution, in whole or in part, and in any form, without express written permission, is prohibited except as permitted by the BNA Copyright Policy.